

Munich Economic Summit

Thursday, 3 May 2012

Jürgen Chrobog

Chairman of the Board of Directors,

BMW Stiftung Herbert Quandt, Berlin and Munich

Opening of Conference · Welcome

Dear Mr. Pavljuts,

Excellencies,

Ladies and Gentlemen,

On behalf of the BMW Stiftung Herbert Quandt, I welcome you most warmly to the 11th Munich Economic Summit in the Bavarian state capital! Once again, more than 150 participants have accepted the invitation that we have issued together with the CESifo Group. You who come from a variety of backgrounds and from 20 countries in the European Union and beyond form the real foundation and backbone of this Economic Summit. After all, what the Summit focuses on, and aims for, is the interdisciplinary exchange among its diverse participants – experts, business leaders, politicians as well as civil society representatives. This is in keeping with our conviction that the challenges to Europe's future can only be met by engaging in an international and cross-sector dialogue. I am happy to report that, this year, we have been able to broaden this dialogue by including the perspective of the younger generation that is directly affected by these challenges; in the form of the Summit's Young Experts Group, these decision-makers of the future – these so-called Young Leaders – will, I am sure, make an important contribution to our discussions.

“Education and Training” – for this year’s summit, we have chosen a topic that has received little attention in the recent political and public debates, which have been dominated by the European debt crisis. And yet the quality of the European education systems will largely decide whether we will be able to keep up with the emerging economies and North America in the global competition. The education policy decisions we make today will ultimately determine tomorrow’s innovative strength and technological progress, which are the key conditions for economic development. Improving our education and training systems will be fundamental to ensuring Europe’s future competitiveness.

Especially in Germany, the education sector faces a number of major challenges that are obviously a legacy of mistaken developments in the past: According to a study released by the German Federation of Trade Unions, approximately 1.7 million people between the age of 20 and 30 have not completed school or their vocational training. In addition, one out of five 15-year-olds is unable to read or write beyond an elementary school level. According to a study commissioned by the Bertelsmann Foundation, the economic costs resulting from these so-called “high-risk youths” or “deprived children” throughout their life-span will amount to roughly 2.8 trillion euros; and this does not even take into account the enormous potential for social conflict that these abstract numbers hide.

But let me also mention the other end of the social spectrum: We are also missing out on the great potential of highly qualified, non-working women who want to return to gainful employment. Especially in light of the ongoing demographic changes – with the shrinkage in the labor force anticipated to be twice as large as the overall population decline –, we can no longer afford to take this attitude. Integrating low-qualified young people into the labor market is strategically as important as integrating those “forgotten women.”

Furthermore, there is no way around the fact that we will have to extend the work life of older employees and pursue a policy of controlled immigration in order to successfully address the shortage of skilled labor in the future. Let me just emphasize, however, that a forward-looking education policy also has to make better use of already existing resources so that the forecasts, according to which we will lose one third of our productivity as a result of our shrinking population, will not become a reality.

This still will not be enough, however, to compensate for the labor shortage especially in the technical and engineering fields. Even so, there is a positive immigration trend in Germany – in 2011, the net migration, i.e. the total number of immigrants minus the number of emigrants, was well above 200,000 people. Despite language barriers, thousands of young skilled laborers are entering the booming German labor market especially from Southern European countries such as Greece, Spain, and Italy, which are suffering from high unemployment. In order to increase the numbers of skilled workers from non-EU states, the German government is planning to lower the minimum income requirements from 66,000 euros a year to nearly 45,000 euros a year or even 35,000 euros a year for skilled workers who are in particularly high demand. In my view, this is the right and necessary thing to do, especially if we keep in mind that the Federal Employment Agency has calculated that we will need 6 million skilled laborers by 2025, and that it will take 2 million immigrants to meet this demand.

But let me get back to the education situation in Germany: What should a forward-looking education policy look like? The experts actually agree on many points; here, let me mention only a few. To me, the important points are: increasing pre-school enrolment and upgrading the training of preschool educators; moving towards mandatory full-time schooling with students receiving individualized support and instruction, especially in the shortened *Gymnasium*; increasing access to the

dual education system; and improving the situation for both teaching and research at universities. One thing, however, is clear: We will only achieve the dual goal of “providing comprehensive and better education for the many” and “increasing the number of top achievers” by making enormous investments; only then will we be able to create a stable basis for economic success in the global competition.

Let me end with a brief overview of the three conference panels which will be held today and tomorrow:

First, an international systems comparison will provide insights into different education policy approaches and strategies both within and outside of Europe. Next, the diverse landscape of European higher education will be examined from an international comparative perspective. Finally, we will take a look at what may well be Europe’s biggest trump card in the global education competition – the “dual education system” – and evaluate its economic importance and exportability.

Let me add that all these discussions will be guided by our overarching question: “Will Europe continue to play a leading role in the education competition and thus, by extension, in the economic competition?” Maybe it is too early to give a definitive answer, but many proposed and already launched reforms are pointing in the right direction and provide reason for optimism.

Together with our partner, Professor Sinn of the CESifo Group, I thank you very much for coming and hope that you will have two stimulating and inspiring days. Mr. Sinn, the floor is yours.